

The background of the slide features a close-up of the American flag on the left, with its stars and stripes. On the right, there is a stack of US dollar bills, including several \$100 bills, fanned out. The overall image has a semi-transparent grey overlay.

REQUIREMENTS FOR BUYING A BANK

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The Leader In Business Sales Mergers & Acquisitions

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At MergersCorp M&A International we help our clients confidentially buy and sell privately held businesses, aligning the interests of all parties for mutual success and satisfaction.

It is our goal to make the process of either buying a new business or selling your current business as smooth and efficient as possible. We know how important confidentiality is to our sellers and we treat it with the utmost importance.



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Requirements For Buying A Bank

Some investors ask, 'How does one purchase a bank?'. To buy a bank, capital is probably the least important consideration. Regulatory requirements in the jurisdiction you want to operate are likely to be more difficult to meet. For how to buy a bank see the following.

The executive team will need extensive banking and finance experience with most authorities will requiring some or all of the following:

- Masters in a financial discipline, a higher degree in finance or an equivalent
- More than 20 years banking experience in an established bank or financial institution
- Extensive knowledge of anti-money laundering procedures and overall compliance requirements for banking



- Be up-to-date with the relevant regulations of the International Banking Sector such as those defined in FACTA (Foreign Account Tax Compliance), CRS (Common Reporting Standard), and those applying to know your customer and know your representative requirements, among others.

- Have substantial experience in managing Risk Assessment and Management

- Have experience with relevant financial supervisory bodies in a senior financial role

- Have liquid capital available that is at least twice the starting capital of the proposed bank

As an investor in a bank, and thus an owner, you will require the capital to start the bank. Regulatory bodies will allow control but only where you can demonstrate that you have qualified staff to provide appropriate corporate governance and have engaged a corporate team with the relevant qualifications to perform the transaction that establishes the bank.



To be granted a license for new bank, when buying a bank, or taking over an existing bank candidates will undergo a due diligence process that authorities will conduct to assess their good character and financial status. A good financial licensing adviser will manage this process and submit a business plan that complies with the licensing requirements of the jurisdiction in which the bank will operate as well as any limits which are imposed on new licenses). While you will be in control of the bank, you will be limited in the actions you can take based on the legal and financial requirements set down by the regulator.

Any staff that are employed by the bank will also have to meet the requirements as set out in the banking license so it will always make sense to incorporate managing and acquiring relevantly qualified and experienced staff strategically in your long term view of the business. An expert on licensing will be able to help to structure the bank in such a way that it is compliant with applicable regulatory framework and still able to achieve your financial goals.

You may also want to consider the following advice from an experienced mergers and acquisitions adviser in the banking area :

Banks are typically sold, not bought - a takeover will not work unless the management and board agree



- Local market sure is more important than national exposure since customers usually sign up at local branch level
- The earnings of the bank are the most important determinant of its price; investors want dividends
- Excess capital when undertaking a purchase does not give you advantage in a bank for sale
- Credit quality problems or issues that come up when financing the buyout will cause the process to be more difficult
- Faster growth in specific geographical and business areas will be more attractive

If you are looking to buy or invest in a bank get advice from experts in the area. At MergersCorp™ M&A International (mergerscorp.com) we provide consulting services on the sale of public and privately held banking institutions. We strive to achieve a successful conclusion and satisfaction for all stakeholders in the transaction.



Our M&A Process

TARGET APPRAISAL	APPROACH	DUE DILIGENCE	NEGOTIATION & CLOSE	POST MERGER INTEGRATION (PMI)
Key Areas				
<ul style="list-style-type: none"> Target & market analysis; Initial assessment of synergies & value drivers; Indicative valuation; Go or No-Go decision; Preparation of transaction documents (NDA – Non-disclosure Agreement/LOI-Letter of Intent); Select Transaction team; Appoint advisors; Consider funding ability. 	<ul style="list-style-type: none"> Initial approach letter; Signing of NDA; Prepare & share initial information requests; Formulation of LOI (Letter of Intent) & possible negotiations; Initial meeting and Q&A; Circulate information on the Target to the Transaction team. 	<ul style="list-style-type: none"> Set scope of due diligence; Set up VDR (virtual data room); Coordinating of due diligence, further meetings and Q&A sessions; Consider points relevant to the Post-Merger (PMI) phase; 	<ul style="list-style-type: none"> Revisit indicative valuation & prepare detailed valuation based on due diligence findings; SPA negotiations with the seller; Development of final structure (share/asset deal) and final valuation; Approvals; Signing of SPA & Close. 	<ul style="list-style-type: none"> Consider the extent of integration; Development of 100 Day PMI Plan; Consider short & long term objectives; Estimate requirements to capture synergies; Determine resource needs & optimal allocation.
Parties Involved				
<ul style="list-style-type: none"> CFO; Head of M&A; Accountants; Corporate finance advisors; Consultants. 	<ul style="list-style-type: none"> Senior management; CEO, CFO, CTO; Strategy director; Head of M&A; Head of Business Development; Consultants. 		<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management. 	<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management/HR.

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LOOKING TO BUY A BANK?

CONTACT US NOW
FOR MORE INFORMATION

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